

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Ross
Kalamazoo County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2005

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Ross, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ross, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Ross, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Ross, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 12, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004.

The budgetary comparison information on pages 20 through 22, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Ross, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Board of Trustees
Township of Ross, Michigan
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Ross, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

May 18, 2005

BASIC FINANCIAL STATEMENTS

Township of Ross
STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 847,088
Receivables (net)	80,139
Prepaid expenses	<u>10,519</u>
Total current assets	<u>937,746</u>
Noncurrent assets:	
Receivables (net)	226,156
Capital assets (net of accumulated depreciation)	<u>568,327</u>
Total noncurrent assets	<u>794,483</u>
Total assets	<u>1,732,229</u>
LIABILITIES	
Current liabilities:	
Payables	11,278
Contract payable	<u>18,286</u>
Total current liabilities	<u>29,564</u>
Noncurrent liabilities:	
Contract payable	<u>226,156</u>
Total liabilities	<u>255,720</u>
NET ASSETS	
Invested in capital assets	568,327
Restricted:	
Public safety	252,619
Public works	37,322
Unrestricted	<u>618,241</u>
Total net assets	<u>\$ 1,476,509</u>

See notes to financial statements

Township of Ross
STATEMENT OF ACTIVITIES
Year ended March 31, 2005

	<u>Program Revenues</u>			<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Functions/Programs				
Governmental activities:				
Legislative	\$ 5,187	\$ -	\$ -	\$ (5,187)
General government	343,336	12,521	-	(330,815)
Public safety	279,499	48,884	5,899	(224,716)
Public works	406,301	396,873	4,901	(4,527)
Health and welfare	6,200	-	-	(6,200)
Community and economic development	24,279	20,270	-	(4,009)
Culture and recreation	19,419	10,865	-	(8,554)
Debt service - interest	62	62	-	-
	<u>62</u>	<u>62</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 1,084,283</u>	<u>\$ 489,475</u>	<u>\$ 10,800</u>	<u>(584,008)</u>
General revenues:				
Taxes				345,790
State grants				282,680
Investment income				11,370
Other				<u>11,015</u>
Total general revenues				<u>650,855</u>
Change in net assets				66,847
Net assets - beginning				<u>1,409,662</u>
Net assets - ending				<u>\$ 1,476,509</u>

See notes to financial statements

Township of Ross
BALANCE SHEET - governmental funds
 March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Sewer</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
ASSETS					
Cash	\$ 558,183	\$ 244,137	\$ 3,900	\$ 40,868	\$ 847,088
Receivables	55,361	4,776	244,442	1,716	306,295
Due from other funds	-	3,738	-	-	3,738
Total assets	<u>613,544</u>	<u>252,651</u>	<u>248,342</u>	<u>42,584</u>	<u>1,157,121</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 2,084	\$ 32	\$ 3,900	\$ 5,262	11,278
Due to other funds	3,738	-	-	-	3,738
Deferred revenue	-	-	244,442	-	244,442
Total liabilities	<u>5,822</u>	<u>32</u>	<u>248,342</u>	<u>5,262</u>	<u>259,458</u>
Fund balances:					
Unreserved, undesignated	<u>607,722</u>	<u>252,619</u>	<u>-</u>	<u>37,322</u>	<u>897,663</u>
Total liabilities and fund balances	<u>\$ 613,544</u>	<u>\$ 252,651</u>	<u>\$ 248,342</u>	<u>\$ 42,584</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in <i>governmental activities</i> are not financial resources and, therefore, are not reported in the funds.	568,327
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	244,442
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	10,519
Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(244,442)
Net assets of <i>governmental activities</i>	<u>\$ 1,476,509</u>

Township of Ross

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds

Year ended March 31, 2005

	<u>General</u>	<u>Fire</u>	<u>Sewer</u>	<u>Other nonmajor governmental funds</u>	<u>Total governmental funds</u>
REVENUES					
Taxes	\$ 230,726	\$ 103,306	\$ -	\$ -	\$ 334,032
Licenses and permits	42,139	-	-	-	42,139
State grants	293,480	-	-	-	293,480
Charges for services	43,988	-	-	-	43,988
Fines and forfeitures	6,745	-	-	-	6,745
Interest and rentals	9,229	2,141	62	-	11,432
Other	22,173	600	123,958	28,141	174,872
Total revenues	<u>648,480</u>	<u>106,047</u>	<u>124,020</u>	<u>28,141</u>	<u>906,688</u>
EXPENDITURES					
Legislative	5,187	-	-	-	5,187
General government	335,798	-	-	-	335,798
Public safety	151,633	87,903	-	-	239,536
Public works	51,658	-	368,400	27,292	447,350
Health and welfare	6,200	-	-	-	6,200
Community and economic development	24,279	-	-	-	24,279
Culture and recreation	13,146	-	-	-	13,146
Capital outlay	13,379	5,439	-	-	18,818
Debt service:					
Principal	-	-	123,958	-	123,958
Interest	-	-	62	-	62
Total expenditures	<u>601,280</u>	<u>93,342</u>	<u>492,420</u>	<u>27,292</u>	<u>1,214,334</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	47,200	12,705	(368,400)	849	(307,646)
OTHER FINANCING SOURCES					
Process from issuance of debt	-	-	368,400	-	368,400
NET CHANGE IN FUND BALANCES	47,200	12,705	-	849	60,754
FUND BALANCES - BEGINNING	<u>560,522</u>	<u>239,914</u>	<u>-</u>	<u>36,473</u>	<u>836,909</u>
FUND BALANCES - ENDING	<u>\$ 607,722</u>	<u>\$ 252,619</u>	<u>\$ -</u>	<u>\$ 37,322</u>	<u>\$ 897,663</u>

See notes to financial statements

Township of Ross
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds (Continued)
Year ended March 31, 2005

Net change in fund balances - total governmental funds	\$ 60,754
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$(47,214) exceeded depreciation \$(45,914) in the current period.	1,300
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds	4,793
Creation of special assessments do not provide current financial resources to the governmental funds, thereby increasing deferred revenue in the governmental funds. Collections on special assessments receivable is a revenue in the governmental funds, but the collections reduce long-term receivables in the statement of net assets. This is the amount by which new special assessments created (\$368,400) exceeded collections (\$123,958) in the current period.	244,442
Creation of long-term contracts payable do not require the use of current financial resources in the governmental funds, but creating contracts payable increases long-term liabilities in the statement of net assets. Repayment of contract principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which contracts created (\$368,400) exceeded repayments (\$123,958) in the current period.	<u>(244,442)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 66,847</u>

Township of Ross
STATEMENT OF FIDUCIARY NET ASSETS - agency funds
March 31, 2005

ASSETS

Cash	\$ 509
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LIABILITIES

Payables	\$ 509
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See notes to financial statements

Township of Ross
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Ross, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation* (continued):

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used for the operational costs of the Township public safety functions. Revenues are primarily derived from property taxes.

The Sewer Debt Service Fund accounts for the issuance and payment of debt related to sewer improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB).

The Township reports a single fiduciary fund, its Agency Fund, which account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity:*

iv) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Vehicles	10 - 15 years
Roads	40 years

v) *Deferred revenue* - In the fund financial statements, governmental funds report deferred revenue in connection with resources for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

vi) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vii) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued):

The following schedule set forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	Health and welfare	\$ -	\$ 6,200	\$ (6,200)
	Community and economic development	18,100	24,279	(6,179)
Fire	Public safety	83,500	87,903	(4,403)
Sherman Lake				
Weed	Public works	13,740	19,657	(5,917)

NOTE 3 - CASH:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	\$ 847,088	\$ 509	\$ 847,597

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$847,597 and a bank balance of \$859,221. Of the bank balance, \$5,207 is covered by federal depository insurance and \$854,014 is uninsured.

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Property taxes</u>	<u>Special assess- ments</u>	<u>Inter- govern- mental</u>	<u>Totals</u>
General	\$ 11,222	\$ -	\$ 44,139	\$ 55,361
Fire	4,776	-	-	4,776
Sewer Debt Service	-	244,442	-	244,442
Nonmajor Funds	-	1,716	-	1,716
Totals	\$ 15,998	\$ 246,158	\$ 44,139	\$ 306,295
Noncurrent portion	\$ -	\$ 226,156	\$ -	\$ 226,156

All receivables are considered fully collectible.

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 15,653	\$ -	\$ -	\$ 15,653
Capital assets being depreciated:				
Buildings and improvements	293,613	1,066	-	294,679
Equipment	279,654	4,492	(6,992)	277,154
Vehicles	658,715	-	(23,954)	634,761
Roads	-	41,656	-	41,656
Subtotal	<u>1,231,982</u>	<u>47,214</u>	<u>(30,946)</u>	<u>1,248,250</u>
Less accumulated depreciation for:				
Buildings and improvements	(163,773)	(9,260)	-	(173,033)
Equipment	(216,868)	(10,788)	6,992	(220,664)
Vehicles	(299,967)	(25,259)	23,954	(301,272)
Roads	-	(607)	-	(607)
Subtotal	<u>(680,608)</u>	<u>(45,914)</u>	<u>30,946</u>	<u>(695,576)</u>
Total capital assets being depreciated (net)	<u>551,374</u>	<u>1,300</u>	<u>-</u>	<u>552,674</u>
Governmental activities capital assets, net	<u>\$ 567,027</u>	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 568,327</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 4,557
Public safety	34,524
Public works	607
Recreation and culture	<u>6,226</u>
Total governmental activities	<u>\$ 45,914</u>

NOTE 6 - DEFERRED REVENUE:

As of March 31, 2005, the various components of deferred revenues are as follows:

	<u>Unearned</u>	<u>Unavailable</u>	<u>Totals</u>
Special assessments	\$ -	\$ 244,442	\$ 244,442

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - LONG-TERM LIABILITIES:

Long-term debt at March 31, 2005, is comprised of the following individual issues:

Contracts payable:

\$368,400 contracts payable, due to Gull Lake Sewer and Water Authority
payable in various annual installments, plus interest at 4.75%; final payment

Long-term liability activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Contracts payable	\$ -	\$ 368,400	\$ (123,958)	\$ 244,442	\$ 18,286

Debt service requirements at March 31, 2005, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2006	\$ 18,286	\$ 11,611
2007	17,397	10,742
2008	17,397	9,916
2009	17,397	9,090
2010	17,397	8,263
2011 - 2015	86,985	28,922
2016 - 2020	69,583	8,263
Totals	<u>\$ 244,442</u>	<u>\$ 86,807</u>

NOTE 8 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

At March 31, 2005, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivables</u>	<u>Fund</u>	<u>Payables</u>
Fire	\$ <u>3,738</u>	General	\$ <u>3,738</u>

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan State Statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate on the first day of the month coincident with, or immediately following, their date of employment. The Township contributes 10% of the participating employee's annual compensation to the plan. The Township's contributions are fully vested from the first day of the plan. The Township made the required contribution of \$13,242 for the year ended March 31, 2005.

The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

NOTE 10 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 11 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

Revenues	\$ 42,139
Expenses	<u>(45,162)</u>
Deficiency of revenues over expenses	<u>\$ (3,023)</u>

Township of Ross
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets as previously reported	\$ 836,909
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	567,027
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	<u>5,726</u>
Net assets, as restated	<u>\$ 1,409,662</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Ross
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 212,330	\$ 212,330	\$ 230,726	\$ 18,396
Licenses and permits	50,000	50,000	42,139	(7,861)
State grants	288,876	288,876	293,480	4,604
Charges for services	26,500	26,500	43,988	17,488
Fines and forfeitures	5,000	5,000	6,745	1,745
Interest	4,000	4,000	9,229	5,229
Other	10,000	10,000	22,173	12,173
Total revenues	<u>596,706</u>	<u>596,706</u>	<u>648,480</u>	<u>51,774</u>
EXPENDITURES				
Legislative	<u>5,200</u>	<u>5,200</u>	<u>5,187</u>	<u>13</u>
General government:				
Supervisor	35,800	35,800	34,800	1,000
Election	7,600	7,600	9,123	(1,523)
Assessor	20,200	20,200	20,357	(157)
Clerk	36,300	36,300	36,931	(631)
Board of review	1,300	1,300	1,670	(370)
Treasurer	39,100	39,100	40,099	(999)
Hall and grounds	61,100	58,100	59,726	(1,626)
Cemetery	2,400	9,200	10,259	(1,059)
Other	143,166	143,436	122,833	20,603
Total general government	<u>346,966</u>	<u>351,036</u>	<u>335,798</u>	<u>15,238</u>
Public safety:				
Police	107,724	107,724	109,376	(1,652)
Building inspections	<u>46,900</u>	<u>46,900</u>	<u>42,257</u>	<u>4,643</u>
Total public safety	<u>154,624</u>	<u>154,624</u>	<u>151,633</u>	<u>2,991</u>
Public works:				
Highways and streets	48,185	48,185	47,934	251
Street lights	<u>3,400</u>	<u>3,400</u>	<u>3,724</u>	<u>(324)</u>
Total public works	<u>51,585</u>	<u>51,585</u>	<u>51,658</u>	<u>(73)</u>
Health and welfare - ambulance	<u>6,200</u>	<u>-</u>	<u>6,200</u>	<u>(6,200)</u>
Community and economic development - planning and zoning	<u>22,400</u>	<u>18,100</u>	<u>24,279</u>	<u>(6,179)</u>

Township of Ross
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Recreation and culture - parks and recreation	\$ 8,950	\$ 15,750	\$ 13,146	\$ 2,604
Capital outlay	32,100	21,900	13,379	8,521
Total expenditures	628,025	618,195	601,280	16,915
NET CHANGE IN FUND BALANCE	(31,319)	(21,489)	47,200	68,689
FUND BALANCE - BEGINNING	560,522	560,522	560,522	-
FUND BALANCE - ENDING	\$ 529,203	\$ 539,033	\$ 607,722	\$ 68,689

Township of Ross
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 103,306	\$ 103,306
Interest	-	-	2,141	2,141
Other	-	-	600	600
	<u>-</u>	<u>-</u>	<u>106,047</u>	<u>106,047</u>
Total revenues	-	-	106,047	106,047
EXPENDITURES				
Public safety	83,500	83,500	87,903	(4,403)
Capital outlay	14,600	14,600	5,439	9,161
	<u>98,100</u>	<u>98,100</u>	<u>93,342</u>	<u>4,758</u>
Total expenditures	98,100	98,100	93,342	4,758
NET CHANGE IN FUND BALANCE	(98,100)	(98,100)	12,705	110,805
FUND BALANCE - BEGINNING	<u>269,914</u>	<u>239,914</u>	<u>239,914</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 171,814</u>	<u>\$ 141,814</u>	<u>\$ 252,619</u>	<u>\$ 110,805</u>

SUPPLEMENTARY INFORMATION

Township of Ross
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2005

	Special revenue funds				Totals
	<u>Citizens Street Lighting</u>	<u>Bio Street Lighting</u>	<u>Y-Center Street Lighting</u>	<u>Sherman Lake Weed</u>	
ASSETS					
Cash	\$ 19,885	\$ 390	\$ (82)	\$ 20,675	\$ 40,868
Receivables	<u>306</u>	<u>-</u>	<u>360</u>	<u>1,050</u>	<u>1,716</u>
Total assets	<u>\$ 20,191</u>	<u>\$ 390</u>	<u>\$ 278</u>	<u>\$ 21,725</u>	<u>\$ 42,584</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 590	\$ 30	\$ 10	\$ 4,632	5,262
Fund balances:					
Unreserved, undesignated	<u>19,601</u>	<u>360</u>	<u>268</u>	<u>17,093</u>	<u>37,322</u>
Total liabilities and fund balances	<u>\$ 20,191</u>	<u>\$ 390</u>	<u>\$ 278</u>	<u>\$ 21,725</u>	<u>\$ 42,584</u>

Township of Ross

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - *nonmajor governmental funds***

Year ended March 31, 2005

	<i>Special revenue funds</i>				
	<i>Citizens Street Lighting</i>	<i>Bio Street Lighting</i>	<i>Y-Center Street Lighting</i>	<i>Sherman Lake Weed</i>	<i>Totals</i>
REVENUES					
Other	<u>9,406</u>	<u>-</u>	<u>360</u>	<u>18,375</u>	<u>28,141</u>
EXPENDITURES					
Public works	<u>7,155</u>	<u>360</u>	<u>120</u>	<u>19,657</u>	<u>27,292</u>
NET CHANGE IN FUND BALANCES	<u>2,251</u>	<u>(360)</u>	<u>240</u>	<u>(1,282)</u>	<u>849</u>
FUND BALANCES - BEGINNING	<u>17,350</u>	<u>720</u>	<u>28</u>	<u>18,375</u>	<u>36,473</u>
FUND BALANCES - ENDING	<u>\$ 19,601</u>	<u>\$ 360</u>	<u>\$ 268</u>	<u>\$ 17,093</u>	<u>\$ 37,322</u>